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C O N F I D E N T I A L BUENOS AIRES 001888

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STATE FOR WHA/BSC AND ISN/NESS  
DOE FOR HE-1 AND HE-23  
NRC FOR OIP AND COMMISSIONER MERRIFIELD

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TAGS: [KNNP](#) [ENRG](#) [IAEA](#) [OTRA](#) [PREL](#) [ECON](#) [AR](#)  
SUBJECT: ARGENTINA TO EXPAND NUCLEAR POWER SECTOR, RESTART  
DOMESTIC URANIUM ENRICHMENT, AND SIGN NPT ADDITIONAL  
PROTOCOL

REF: A. BUENOS AIRES 01227  
[1](#)B. STATE 129965  
[1](#)C. 05 BUENOS AIRES 03053 AND PREVIOUS

Classified By: CDA MICHAEL MATERA, FOR REASONS 1.4 (B) AND (D)

[1](#)1. (SBU) Summary: Argentina plans an expansion of its nuclear energy infrastructure, including a return of its uranium enrichment program, according to MFA Director General for International Security Issues Ambassador Elsa Kelly. Planning Minister Julio De Vido is expected to lay out the plans during a formal announcement the evening of August 23. Kelly also confirmed that the GOA plans to sign a voluntary Additional Protocol to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), and stressed that all Argentine nuclear activities would be fully transparent and under strict IAEA safeguards. Kelly did not know if the August 23 announcement would include the Additional Protocol news. End Summary.

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One More Reactor  
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[1](#)2. (U) Argentina plans to ramp up its nuclear energy producing capabilities to compensate for its depleting hydrocarbon reserves, MFA Director for International Security Issues Ambassador Elsa Kelly told Embosffs during a lunch hosted by Charge August 22. The plan will be announced on August 23 by Federal Planning Minister Julio De Vido in a ceremony at the Casa Rosada. A focus of that plan, according to Kelly, will be the completion of the derelict Atucha II reactor complex, where construction ceased in 1995. Plant management has estimated that getting Atucha II on-line will take fifty-two months and cost USD 700 million (Ref A). Upon completion, those officials estimate that the reactor will be able to provide a net output of 700MW. That power would increase the contribution of nuclear energy as a percentage of Argentina's total energy use from around nine percent to fifteen percent, Kelly said. Argentina currently has two operational nuclear power plants: the 357 MW Atucha I in Buenos Aires Province and the 648 MW Embalse plant in Cordoba Province.

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Argentina to Resume Uranium Enrichment  
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[1](#)3. (SBU) As part of the August 23 announcement, Argentina

will publicly declare a resumption of its uranium enrichment program, according to Kelly. The GOA plans to reopen its Pilcaniyeu enrichment facility, which had been mothballed in the early 1990's, and use it to enrich uranium up to three percent for use as fuel in its own reactors. Kelly added that Argentina is also interested in one day producing enough fuel to export, thereby joining the exclusive nuclear fuel suppliers' club. Kelly said that the GOA does not see the six-country concept for reliable access to nuclear fuel currently circulating in the IAEA (Ref B) as an attractive option, because for Argentina to avail itself of the program it would have to relinquish rights that in Article IV of the NPT are described as "inalienable."

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100 Percent Transparency Claimed  
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14. (SBU) Kelly took pains to stress the Argentine nuclear program's peaceful nature. As evidence she stated that Argentina would soon sign a voluntary Additional Protocol to the NPT, and that all of Argentina's nuclear activities would thereby be completely transparent and under IAEA safeguards. In response to a question about coordinating the Voluntary Protocol signing with Brazil, Kelly stated that Argentina "was not going to wait for Brazil." (Note: The GOA has been saying for at least a year that Brazil's decision regarding an Additional Protocol would have no bearing on its own (Ref C). End Note.) Kelly did not know if Minister De Vido would include the news regarding the Voluntary Protocol in his August 23 announcement.

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Comment  
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15. (C) Argentina's announcement that it plans to expand its nuclear power program, including resumption of uranium enrichment, coming as it does amidst the crisis surrounding Iran's nuclear ambitions, is certain to draw considerable international attention. All of the available evidence, however, points to this action being taken strictly in support of increased domestic energy production. As Argentina fossil fuel reserves dwindle and its energy demand grows, expanding nuclear power production has been pointed to by many as a good option for the GOA to promote. Argentina has also been a strict advocate of non-proliferation for many years, beginning with its return to democracy in 1983. That Argentina has reacted negatively to the six-country fuel assurances concept is no real surprise, especially as it has maintained a long-standing enrichment research and development program that would have excluded it from program benefits in any case. Finally, increasing Argentina's nuclear power infrastructure is good domestic politics. Indeed, the local press has reported that the initiative will generate more than six thousand new jobs. With President Kirchner coming up for reelection in 2007, a number of infrastructure megaprojects (e.g. construction of a bullet train) have been floated. That Planning Minister De Vido, the country's chief deliverer of GOA largesse, is making the announcement makes it all the more likely that the GOA is looking at this in part as support for Kirchner's reelection bid. The Embassy will report again following the August 23 announcement.

MATERA